

H-3106-1 - TRANSFERS BY ASSIGNMENT, SUBLEASE, OR OTHERWISE

VI. Other Types of Transfers of OwnershipKeywordsA. General

Some changes in ownership of interests in Federal oil and gas leases occur without any intention by the holder of interest to assign or transfer the interest, by sheriff's sale, or by dissolution of corporations, partnerships, or trusts. The most common instances of such changes are by an individual's death, a merger of corporations, and the change of the name of any party holding a lease interest. A name change is not actually a transfer, but the BLM records must be corrected to reflect the proper name. The regulations covering these provisions are found at 43 CFR 3106.8. (See also Manual Section 3106.8.)

OTHER TYPES
OF LEASE
TRANSFERS

Although successions of interest described in this section of the Handbook do not require assignments and transfers, parties often execute and file these documents, paying the appropriate filing fees. This commonly occurs when an estate is settled and the estate's administrator is distributing the estate's assets. Such transfers of lease interests, even if required by a State's probate law and even if on BLM-approved forms, are not necessary for the BLM recognition of a successor-in-interest. However, they are to be processed in lieu of recognizing a successor-in-interest by a BLM-prepared notice. The \$25 filing fee for each such submission is to be retained.

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B. Processing

Responsible Official	Step	Action	Keywords
Receiving Official	1.	Receive and date/time stamp letter, court order, death certificate, or other official document indicating that the lessee or holder of other interest in the lease is deceased, or has a name change, or that a corporation holding a Federal lease has merged into another corporation. Note that no filing fee is required.	OFFICIAL DOCUMENTS FILED FOR OTHER TYPES OF LEASE TRANSFERS
Docket	2.	Pull case files and forward to Adjudication.	
Adjudication	3.	Adjudicate lease actions for <u>deceased interest holders</u> as follows:	DECEASED INTEREST HOLDERS
	3a.	Review the document to determine the party that is to be recognized as the successor of the deceased. The successor may be an executor or personal representative, or more permanently, the heir of the deceased or the devisee under a will, or other parties specified by a probate court order, such as the decree of distribution.	
	3b.	If the document is unclear, request the party sending the information to indicate who is to be recognized as succeeding to the interest of decedent (see Illustration 31, pages 1 and 2).	

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Official	Step	Action	Keywords
	3c.	Determine whether all parties who succeed to the interests formerly held by decedent are qualified to hold lease interests. Both the temporary executor or representative and the eventual heirs or devisees must be United States citizens and comply with the acreage limitations. A failure to qualify because of foreign citizenship or excessive acreage holdings will not prevent the transfer from the decedent to the successor from occurring as a matter of law. However, the successor must dispose of these lease interests within 2 years from the time of acquisition (see 43 CFR 3106.8-1(b)). No formal recognition of a holding by a disqualified party is to be made by a BLM authorized officer except in conjunction with approving the disposition of an interest by an assignment or transfer from a decedent to a successor.	QUALIFICATIONS OF SUCCESSOR- IN-INTEREST TO HOLD LEASE INTERESTS
	3d.	If the document that was submitted by the successor fails to include a statement that all parties who hold or will hold an interest are qualified to hold lease interests under the Mineral Leasing Act, notify the party that such a statement is required (see Illustration 31, page 3).	
	3e.	Check the ALMRS to determine the leases in which the decedent held an interest, and if any bonds are necessary. Verify the interests that the decedent held, including interests in issued leases and pending offers.	

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Responsible

OfficialStep ActionKeywords

If office records indicate that no Federal lease interests are held, return the documents submitted under a cover letter indicating such, but that further review will be made if specific Federal leases and interests therein are identified by the successor.

4. When office records reveal that the decedent held interests in leases, prepare a decision as follows (see Illustration 32):

SUCCESSOR-IN-
INTEREST
RECOGNIZED

- 4a. List the leases in which the decedent held an interest.
- 4b. Specify any change needed in bonding requirements (see Section I.E, above). The bond needs to be changed to recognize the succession, with a change of name of the principal/obligor.
- 4c. Recognize successor-in-interest, specifying the proportion held in each lease, if there is more than one successor.

5. If the name change is made on the lease records before the name is changed on the bond, a future action suspense date needs to be set to ensure that the bond update is completed.

BONDING
REQUIREMENTS

While the predecessor's bond, by its own terms, extends to cover interests of a successor-in-interest, the surety is required to recognize the succession, especially as required by 43 CFR 3106.8-2 for change of name.

6. Notify the MMS-DMD of the leases involved by a copy of the decision with an attached list of leases by serial number.

NOTIFY MMS-DMD
OF SUCCESSOR-
IN-INTEREST

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Responsible Official	Step	Action	Keywords
		<p><u>EXAMPLE:</u> Date of receipt: 8/9/94 Name Change from Farmers Union Central Exchange Inc. to CENEX, Inc. Responsible Office: Utah State Office Bond Type and Number: Nationwide - UT0042</p>	
	8e.	Determine if adequate information concerning the name change has been submitted, including a list of the lease serial numbers where any type of interest is maintained for all States nationwide. Note that the listing of lease serial numbers nationwide is optional (see Step VI.B.8f, below).	
	8f.	Request an ALMRS Case Recordation Report M06, "Special Proprietor List" for each BLM administrative State to determine which State Offices are involved in the name change.	
	8g.	When each BLM administrative State has been identified, request an ALMRS Case Recordation Report I04 "Proprietor Index" for each involved State Office to obtain the list of lease serial numbers held under the former name.	
	8h.	If ALMRS shows no lease interests held by the party submitting the name change and no list was submitted, require the party to provide a list in accordance with the regulations at 43 CFR 3106.8-2 (see Illustration 33).	
	8i.	Check for bond requirement changes that may be needed (see Section I.E, above).	BONDING REQUIREMENTS

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NOTE: The regulations at 43 CFR 3108.8-2 indicate that a name change may be made by surety consent or a rider to the original bond or by a replacement bond. The regulations do not specifically state that a rider to the bond is required prior to the BLM recognition of the name change.

8j. If the name change is made on the lease records before the name is changed on the bond, a future action suspense date shall be set to ensure that the bond revision is completed.

8k. Within 10 working days of receipt of all required documentation, prepare a notice recognizing the name change (see Illustration 34).	NOTICE OF RECOGNITION OF NAME CHANGE PREPARED
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8l. Attach a copy of the ALMRS reports for all affected State Offices, reduced to 8 1/2" by 11" size, to the decision. If discrepancies exist, they must be resolved by the party submitting the name change.

8m. Send each affected surety or financial institution a copy of the notice with the attached listing of leases for all States.

8n. Send a copy of the notice to the MMS-DMD with the attached listing of leases for all States.	NOTIFY MMS-DMD OF NAME CHANGE
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	8o.	Send each affected State Office a copy of the notice attaching the ALMRS report of leases for that State Office.	
	<u>NOTE:</u>	Each State Office is responsible for updating its own leases in the ALMRS Entry in accordance with the current data standards.	
	8p.	Notify all State Offices of the acceptance of the name change by placing a message on the FTS2000 fluid leasing shared folder.	
	8q.	If adjustments are made to a bond, place a message on the Automated Bond and Surety File System Bond Bulletin Board to notify each State Office's bond coordinator.	
ALMRS Entry	9.	Update lease records to indicate that name change is recognized using the current data standards.	AUTOMATED NOTATION
	9a.	Enter Action Date (MANDATORY ACTION CODE): Date name change is recognized; DE 1775 Action Code 290/DE 2910 Action Code 940; Action Remarks: Indicate former name to new name (or enter in General Remarks).	
	9b.	Change the name in proprietor field to new name.	

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Responsible Official	Step	Action	Keywords
Adjudication	10.	Adjudicate lease actions for a <u>corporate merger</u> as follows:	CORPORATE MERGER PROCESSING
	10a.	Adjudication should assume that the transfer is automatic and that individual lease assignments and transfers are unnecessary. If the correspondence submitted for a corporate merger indicates that the merger has not caused the interests held by the merging corporation to be transferred by operation of law to the surviving corporation, or if the BLM is aware that mergers affecting real property do not have the effect of automatically transferring the merging corporation's leases to the surviving corporation as a matter of law, such a transfer is not automatic. The surviving corporation must be advised in such cases that, in order to have the transaction recognized by the BLM, lease assignments/transfers (with the required filing fee for each lease involved) must be submitted.	
	10b.	When notification of a merger is received, review the Automated Bond and Surety File System to determine if a bond is held and, if so, which State Office holds the bond.	
	10c.	If the bond is held by another State Office, forward the merger notification to that office for action.	
	10d.	If the merger involves more than one State Office, the affected State Offices shall come to a consensus as to which office is to process the merger.	

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Official	Step	Action	Keywords
		Within 10 working days after receipt of the documentation of the merger, the State Office with the lead action shall place a message on the FTS2000 fluid leasing shared folder to advise all the BLM State Offices of the receipt of the merger documentation, the responsible office, and the bond type and bond number.	MESSAGE PLACED ON FTS2000 SHARED FOLDER BY ACTION OFFICE ON RECEIPT OF CORPORATE MERGER NOTIFICATION

EXAMPLE: Date of receipt: 9/8/94
 Merger of BG Oil Limited
 Partnership into BG Oil
 Corporation, Inc.
 Responsible Office: New
 Mexico State Office
 Bond Type and Number:
 Nationwide - NM0859

Determine if adequate information concerning the corporate merger has been submitted, i.e., articles of amendment, Secretary of State's certification, and a list of the lease serial numbers where any type of interest is held for all States nationwide. Note that the listing of lease serial numbers nationwide is optional (see Step VI.B.10g, below).

NOTE: If the articles of amendment is the only document that is missing, the corporate merger can be processed without it.

Request an ALMRS Case Recordation Report M06, "Special Proprietor List" for each BLM administrative State to determine which State Offices are involved in the corporate merger.

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Official	Step	Action	Keywords
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When each BLM administrative State has been identified, request an ALMRS Case Recordation Report I04 "Proprietor Index" for each involved State Office to obtain the list of lease serial numbers held under the former name.

If ALMRS shows no lease interests held by the entity submitting the merger documentation and no list was submitted, require the party to provide a list in accordance with the regulations at 43 CFR 3106.8-3 (see Illustration 35).

Check for bond requirement changes that may be needed (see Section I.E and Step III.B.15, above).

BONDING
REQUIREMENTS

When both the merging and surviving corporations have existing bonds, check that all responsibilities of the merging corporation continue to be properly covered by the bond of the surviving corporation.

NOTE: The regulations at 43 CFR 3108.8-3 indicate that a bond rider or replacement bond conditioned to cover the obligations of all affected corporations may be required as a prerequisite to recognition of the merger. The regulations do not specifically state that a rider to the bond or a replacement bond is required prior to the BLM recognition of the merger.

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	101.	<p>If the name change to the surviving corporation is made on the lease records before the name is changed on the bond, a future action suspense date must be set to ensure that the bond revision is properly completed.</p> <p>Within 10 working days of receipt of all required documentation, prepare a notice recognizing the corporate merger (see Illustration 36).</p> <p>Attach a copy of the ALMRS reports for all affected State Offices, reduced to 8 1/2" by 11" size, to the decision. If discrepancies exist, they must be resolved by the surviving corporation.</p>	NOTICE OF RECOGNITION OF CORPORATE MERGER PREPARED
	10o.	<p>Send each affected surety or financial institution a copy of the notice with the attached listing of leases for all States</p> <p>Send a copy of the notice to the MMS-DMD with the attached listing of leases for all States.</p> <p>Send each affected State Office a copy of the notice attaching the ALMRS report of leases for that State Office.</p> <p>Each State Office shall be responsible for updating its own leases in the ALMRS Entry in accordance with the current data standards.</p>	NOTIFY MMS-DMD OF CORPORATE MERGER
	10r.	<p>Notify all State Offices of the acceptance of the corporate merger by placing a message on the FTS2000 fluid leasing shared folder.</p>	

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		10s. If adjustments are made to a bond, place a message on the Automated Bond and Surety File System Bond Bulletin Board to notify each State Office's bond coordinator.	
ALMRS Entry	11.	Update lease records to indicate that merger is recognized using the current data standards. Enter Action Date (MANDATORY ACTION CODE): Date merger is recognized; DE 1775 Action Code 280/DE 2910 Action Code 817; Action Remarks: Indicate former name to new name of surviving corporation (or enter in General Remarks). Change name in proprietor field to surviving corporate name.	AUTOMATED NOTATION
Adjudication	12.	In preparing the notice recognizing a successor-in-interest, either through death, name change, or merger, provide an explanation of any discrepancies between the list submitted by the party and those leases the BLM identifies to be affected by the change. Indicate the expired or terminated leases in the notice (see Illustrations 32, 34, and 36). If the BLM records indicate an interest in a lease that is not on the list submitted by the entity, specify the reason in the notice, e.g., due to unit segregation. A lease interest may be unknown to a successor. In such instances, indicate in the notice that the BLM records reflect that decedent or merging corporation holds such lease interests.	

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Adjudication	13.	<p>Process lease actions for a <u>Sheriff's sale/deed</u> as follows:</p> <p>Title to a Federal lease may pass through foreclosure actions, in which case a judgment is filed in the County records where the lands are located, and an execution is issued to the Sheriff to levy on the leasehold interest. A notice of sale to sell the leasehold interest is published pursuant to the State law applicable to the execution of sales of real property. The purchaser at the sale should receive a Sheriff's Certificate of Sale. This certificate may contain a redemption period, in which case, legal title does not pass, but remains with the debtor until the time for redemption has passed. The purchaser may wish to file the certificate with the BLM, since it contains a record of what transpired and is notice to protect against any intervening claims. If the debtor has not paid the purchaser the amount of the purchase price during the redemption period, the purchaser will receive a Sheriff's deed conveying and transferring the interest to the purchaser. The purchaser must file the Sheriff's deed with the BLM. No filing fee is required.</p> <p>Upon receipt of the Sheriff's deed (see Illustration 37), request a qualifications statement and, if required, a lease bond. Part B of the assignment Form 3000-3 may be modified and submitted for signature, since it contains all the certification language required for such a transfer.</p>	<p>SHERIFF'S SALE/DEED TRANSFER</p>

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		13c. When the statement (and bond, as may be needed) is received, issue a notice recognizing the transfer of interests (see Illustration 38).	
ALMRS Entry	14.	Enter Action Date (MANDATORY ACTION CODE): Date transfer of interest filed/acknowledged; DE 1775 Action Code 586/DE 2910 Action Code 396; Action Remarks: "EFF MM/DD/YY;" (Date qualification certification and bonding requirements are met); General Remarks: Enter "Sheriff's Deed."	AUTOMATED NOTATION
Adjudication	15.	Process a <u>transfer by dissolution of corporation, partnership, or trust</u> as follows:	DISSOLUTION OF CORPORATION, PARTNERSHIP, OR TRUST
	15a.	Similar to transfers through foreclosures by a Sheriff's sale, transfers may occur through the dissolution of incorporated entities, partnerships, or trusts. Certified copies of the dissolution papers, e.g., a Certificate of Dissolution of an incorporated entity certified as having been accepted by the State where the entity was incorporated, are to be filed in the proper BLM Office in order to allow official recognition of the transferee as indicated by the Articles of Dissolution. Dissolution of a partnership or trust through an order or decree that authorizes settlement, discharge, and distribution of the assets, holdings and/or interests also must be filed with the BLM to allow recognition of the transfer of lease holdings and interests.	

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	15b.	Upon receipt of the dissolution papers, request a qualifications statement and, if required, bonding coverage. Part B of the assignment Form 3000-3 contains all of the certification language required for such a transfer and may be modified and submitted for signature by the transferee.	
	15c.	When the statement (and bond, as may be needed) is received, issue a notice recognizing the transfer of interests (see Illustrations 39, 40, and 41).	
ALMRS Entry	16.	Enter Action Date (MANDATORY ACTION CODE): Date transfer of interest filed/acknowledged; DE 1775 Action Code 586/DE 2910 Action Code 396; Action Remarks: "EFF MM/DD/YY;" (the date qualification certification and bonding requirements are met); General Remarks: Enter brief description of type of transfer, e.g., dissolution of corporation.	AUTOMATED NOTATION